

BEST WORLD INTERNATIONAL LIMITED

Company Registration No. 199006030Z

MATERIAL DIFFERENCES BETWEEN THE AUDITED FINANCIAL STATEMENTS AND THE UNAUDITED FINANCIAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Board of Directors (the “**Board**”) of Best World International Limited (the “**Company**”) and together with its subsidiaries (the “**Group**”) refers to the unaudited full year results announcement for the financial year ended 31 December 2021 (“**FY2021**”) released on 1 March 2022 (the “Unaudited Full Year Results”).

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board wishes to highlight that there were certain material differences between the audited financial statements and the Unaudited Full Year Results in respect of FY2021 following the finalisation of the audit. Details and clarifications of the differences are set out as follows.

1) Consolidated Statements of Profit or Loss for the Year Ended 31 December 2021

	Group			Note
	Unaudited	Audited	Differences	
	S\$'000	S\$'000	S\$'000	
Revenue	580,036	580,036	-	
Cost of sales	(125,120)	(124,977)	143	
Gross profit	454,916	455,059	143	
Interest income	4,559	4,559	-	
Other operating income	9,054	9,019	(35)	
Distribution costs	(173,690)	(173,701)	(11)	
Administrative expenses	(90,349)	(90,190)	159	
(Other losses) other gains, net	6,028	7,537	1,509	1
Finance costs	(431)	(420)	11	
Share of results of a joint venture	646	646	-	
Share of results of an associate	(179)	(183)	(4)	
Profit before income tax	210,554	212,326	1,772	
Income tax expense	(60,457)	(58,373)	2,084	2
Net profit for the period	150,097	153,953	3,856	
Profit net of tax attributable to:				
Owners of the Company	149,838	153,694	3,856	
Non-controlling interests	259	259	-	
	150,097	153,953	3,856	
Earnings per share:				
Basic (cents)	27.54	28.25	0.71	
Diluted (cents)	27.54	28.25	0.71	

2) Statements of Financial Position of the Group and Company as at 31 December 2021

	Group				Company			
	Unaudited	Audited	Differences	Note	Unaudited	Audited	Differences	Note
	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000	S\$'000	
Assets								
Non-current assets								
Property, plant and equipment	63,693	63,714	21		2,347	2,347	-	
Investment property	1,091	1,091	-		-	-	-	
Other intangible assets	7,872	7,871	(1)		-	-	-	
Intangible assets	1,150	1,149	(1)		51	51	-	
Right-of-use assets	14,962	14,988	26		2,493	2,493	-	
Investment in subsidiaries	-	-	-		113,303	104,803	(8,500)	5
Investment in a joint venture	38,372	38,335	(37)		-	-	-	
Investment in an associate	4,994	4,990	(4)		-	-	-	
Deferred tax assets	22,144	22,144	-		-	-	-	
Other financial assets	5,241	5,931	690	1	269	269	-	
	159,519	160,213	694		118,463	109,963	(8,500)	
Current assets								
Inventories	88,152	88,281	129		26,902	26,902	-	
Trade and other receivables	6,140	6,308	168		18,329	19,724	1,395	6,7
Other assets	20,647	20,657	10		10,073	10,073	-	
Other financial assets	14,470	14,469	(1)		14,470	14,469	(1)	
Cash and bank balances	474,827	474,828	1		298,149	298,149	-	
	604,236	604,543	307		367,923	369,317	1,394	
Total assets	763,755	764,756	1,001		486,386	479,280	(7,106)	
Equity and liabilities								
Current liabilities								
Trade and other payables	149,663	148,848	(815)	3	56,124	58,798	2,674	7
Contract liabilities	626	1,686	1,060	3	-	-	-	
Lease liabilities	5,085	3,746	(1,339)	4	1,367	1,367	-	
Other financial liabilities	-	-	-		-	-	-	
Other liabilities	37,056	36,862	(194)		1,082	1,082	-	
Income tax payable	28,495	26,408	(2,087)	2	11,773	9,959	(1,814)	2
	220,925	217,550	(3,375)		70,346	71,206	860	
Net current assets	383,311	386,993	3,682		297,577	298,111	534	
Non-current liabilities								
Deferred tax liabilities	12,347	12,346	(1)		6,125	6,125	-	
Lease liabilities	8,948	10,316	1,368	4	1,021	1,021	-	
Other financial liabilities	19,632	18,796	(836)	1	-	-	-	
	40,927	41,458	531		7,146	7,146	-	
Total liabilities	261,852	259,008	(2,844)		77,492	78,352	860	
Net assets	501,903	505,748	3,845		408,894	400,928	(7,966)	
Equity attributable to owners of the Company								
Share capital	10,027	10,027	-		10,027	10,027	-	
Retained earnings	456,996	460,852	3,856		398,545	390,579	(7,966)	
Other reserves	37,531	37,522	(9)		322	322	-	
	504,554	508,401	3,847		408,894	400,928	(7,966)	
Non-controlling interests	(2,651)	(2,653)	(2)		-	-	-	
Total equity	501,903	505,748	3,845		408,894	400,928	(7,966)	
Total equity and liabilities	763,755	764,756	1,001		486,386	479,280	(7,106)	

3) Consolidated Statement of Cash Flows for FY2021

	Group			Note
	Unaudited	Audited	Difference	
	S\$'000	S\$'000	S\$'000	
Operating activities				
Profit before income tax	210,554	212,326	1,772	
Depreciation of right-of-use assets	3,248	4,543	1,295	8
Fair value gain in call option - Pedal Pulses Ltd.	(235)	(934)	(699)	1
Fair value gain in put option - Pedal Pulses Ltd.	(14,436)	(15,283)	(847)	1
Financing activities				
Decrease (increase) in cash restricted in use	190	(1,313)	(1,503)	9

Note

1. Increase in fair value gain of call options of \$0.7 million (corresponding impact on non-current other financial asset) and increase in fair value gain in put options of \$0.8 million (corresponding impact on non-current other financial liabilities) based on professional valuation report on options.
2. A difference of \$2.1 million was mainly due to over-provision of income tax expenses in prior year as a result of finalisation of income tax expenses in previous year of assessment (corresponding impact on income tax payable).
3. Reclassification of contract liabilities of \$1.0 million from trade and other payable was mainly due to deposits received from distributors.
4. Reclassification of current and non-current portion of lease liabilities of \$1.3 million.
5. A decrease in investment in subsidiary corporation by \$8.5 million was due to allowance for impairment loss as its recoverable amount is lower than its carrying value.
6. Expected credit loss on non-trade receivable from a subsidiary of \$1.4 million as its recoverable amount is lower than its carrying value.
7. Reclassification of credit balances of \$2.7 million from other receivables due from related companies to other payables due to related companies of the Company.
8. Reclassification of administrative expenses relating to rental expenses to depreciation expenses for right-of-use assets.
9. Increase in restricted cash in use relating to fixed deposit of \$1.5 million pledged for unutilised bank facilities of the Company.

For and on behalf of
Best World International Limited

Huang Ban Chin
Director and Chief Operating Officer
8 July 2022